

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 3160 - SB 3317

March 12, 2012

SUMMARY OF BILL: Requires the Commissioner of the Department of Agriculture (TDOA) to implement, on or before July 1, 2014, a program of state inspection for intrastate facilities that process meat or poultry products for human consumption. Requires the program to qualify as a Cooperative State Inspection Program under the federal *Meat Inspection* and *Poultry Products Inspection* acts. Requires the program to utilize licensed veterinarians, to the greatest extent possible, to perform the inspections under contract with TDOA. Authorizes TDOA to employ a program administrator. Requires the Commissioner to provide a report on or before January 1, 2013, to the General Assembly regarding the implementation of the state program. Requires the report to recommend a fee schedule that ensures the revenue produced from the licensure and inspection of such facilities is sufficient to fund the program. Creates the Cooperative State Meat and Poultry Inspection Cash Fund (Dedicated Fund).

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$154,500/FY14-15/Dedicated Fund
\$126,600/FY15-16 and Subsequent Years/Dedicated Fund**

**Increase State Expenditures –
\$107,600/FY13-14/General Fund
\$154,500/FY14-15/Dedicated Fund
\$126,600/FY15-16 and Subsequent Years/Dedicated Fund**

**Increase Federal Expenditures – \$154,500/FY14-15
\$126,600/FY15-16 and Subsequent Years**

Assumptions:

- TDOA will employ a Program Administrator in FY13-14. The recurring increase in state expenditures beginning in FY13-14 is estimated to be \$96,620 (\$66,000 salary; \$9,920 benefits; \$17,500 annual training; \$3,200 operational).
- TDOA will purchase a computer, printer, and office furniture for the administrator. The one-time increase in state expenditures in FY13-14 is estimated to be \$3,450 (\$2,250 computer; \$1,200 furniture).

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- TDOA will hire a temporary part-time Administrative Secretary for 500 hours at a cost of \$15.00 per hour. The one-time increase in state expenditures in FY13-14 is estimated to be \$7,500 (500 hours x \$15).
- TDOA will employ two Food and Dairy Inspector 2 positions in FY14-15. The recurring increase in state expenditures beginning in FY14-15 is estimated to be \$140,886 [(\$34,200 salary + \$11,023 benefits + \$1,200 professional services + \$7,100 supplies and communications + \$16,920 travel) x 2 employees].
- TDOA will purchase computers and software for the new inspectors. The one-time increase in state expenditures in FY14-15 is estimated to be \$4,000. The newly hired inspectors and six currently employed inspectors will attend a training course at \$2,500 each. The one-time increase in state expenditures in FY14-15 is estimated to be \$20,000 (\$2,500 course fee x 8 inspectors). The total one-time increase in state expenditures in FY14-15 is estimated to be \$24,000 (\$4,000 + \$20,000).
- TDOA will utilize the services of a contract veterinarian beginning in FY14-15. TDOA anticipates utilizing the veterinarian for two hours 36 times annually at a cost of \$110 per hour. The recurring increase in state expenditures beginning in FY14-15 is estimated to be \$7,920 (2 hours x 36 visits x \$110 fee).
- TDOA is required by the United States Department of Agriculture (USDA) to submit specified samples to a lab for analysis of pathogens. The recurring increase in state expenditures beginning in FY14-15 is estimated to be \$7,500.
- TDOA will utilize a computer program required by the USDA. A one-time increase in state expenditures of \$32,000 in FY14-15.
- Beginning in FY14-15, the USDA will provide recurring matching funds at a rate of 50 percent of the cost of a Cooperative State Meat Inspection Program that is equal to the federal program.
- The total increase in state expenditures from the General Fund in FY13-14 is estimated to be \$107,570 (\$96,620 + \$3,450 + \$7,500).
- The total increase in state expenditures from the dedicated fund in FY14-15 is estimated to be \$154,463 [(\$96,620 + \$140,886 + \$24,000 + \$7,920 + \$7,500 + \$32,000) x 50.0% state funding]. There will be a corresponding increase in federal expenditures in FY14-15 of an equal amount due to the USDA funding 50 percent of total program expenditures.
- The total recurring increase in state expenditures from the dedicated fund beginning in FY15-16 is estimated to be \$126,613 [(\$96,920 + \$140,886 + \$7,920 + \$7,500) x 50% USDA]. There will be a corresponding recurring increase in federal expenditures beginning in FY15-16 of an equal amount due to the USDA funding 50 percent of total program expenditures.
- TDOA estimates that seven meat processing facilities will participate in the program. Annual fee revenue sufficient to administer the program is assumed to be paid by such facilities beginning in FY14-15. Therefore, an increase in state revenue to the dedicated fund in FY14-15 of \$154,463, and a recurring increase in state revenue to the dedicated fund beginning in FY15-16 of \$126,613.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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